CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

BASIC FINANCIAL STATEMENTS

June 30, 2022

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JOHN CUTLER
& ASSOCIATES

Board of Directors
Chavez/Huerta K-12 Preparatory Academy
Pueblo, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Chavez/Huerta K-12 Preparatory Academy (the "Academy") as of and for the year ended June 30, 2022, a component unit of Pueblo School District No. 60, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Chavez/Huerta K-12 Preparatory Academy as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chavez/Huerta K-12 Preparatory Academy and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 38-42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Cutler & Associates, LLC

February 22, 2023

Chavez/Huerta K-12 Preparatory Academy
Management Discussion and Analysis
June 30, 2022

As management of the Chavez/Huerta K-12 Preparatory Academy (CHPA), we offer readers of the Chavez/Huerta K-12 Preparatory Academy financial statements this narrative overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

After a lengthy President & CEO selection process CHPA, the board of education for CHPA rehired a new president & CEO to replace the former retired President & CEO Dr. Richard Duran. Immediately upon the arrival to CHPA the new senior leader eliminated a number of educational & support leadership positions, most notably the Chief Operations Officer (former Chief Business Officer), and the Chief Human Resource Officer. In addition, the shift in organizational leadership prompted an exodus of the entire finance department. This now ostracized President's actions in a short period time led to a great deal of organizational unrest and community upheaval. On September 15, 2022, the former President & CEO resigned his position. Shortly after, the former board president also elected to resign from the board.

In order to mitigate any further damages, the Board of Directors immediately rehired the former President & CEO, Dr. Richard Duran, as the interim President and CEO to restore the trust of the CHPA staff. In addition, the board was totally revamped as per CHPA bylaws, which now includes seven strong community and parent leaders. One of the new board members is the former long-term board president that was term limited in July 2021, Steven Trujillo.

The new interim President and board have worked extensively to restore the faith of the charter school authorizers after the former senior leadership actions lead to a late financial audit and organization/community unrest. The board along with interim President-CEO believe the charter school will return to an efficient well governed organization within the 2022-2023 fiscal year.

In response to the COVID-19 pandemic, Congress passed three stimulus bills that include funding for education: the Coronavirus Aid, Relief, and Economic Security (CARES) Act (March 2020); the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act (December 2020); and the American Rescue Plan (ARP) Act (March 2021). Each stimulus bill provided funding for the Elementary and Secondary School Emergency Relief (ESSER) fund and the Governor's Emergency Education Relief (GEER) fund.

The ESSER fund directs 90% of the total state allocation to local education agencies (LEAs) based on the Title I formula and the remaining 10% for a state reserve fund.

As the result of the COVID 19 virus pandemic, CHPA has continued to receive federal funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Elementary and Secondary School Emergency Relief Fund ESSER and the ARPA. This was enacted on March 27, 2020, by the federal government to mitigate the significant economic impacts for the working forced displaced by the COVID confinement.

This act was a $2 trillion package of assistance measures that include direct payment to families, loans for small businesses, supports for businesses and funding for education.

Elementary and Secondary School Emergency Relief (ESSER) Fund dollars were appropriated to state education agencies based (SEA) on the 2019-20 Title I shares, with 90% allocated to local education agencies (LEAs) that received a Title I allocation in the most recent fiscal year and the remaining 10% for an SEA reserve fund. LEA allocations were calculated using the Title I formula; however, relief funds will not be subject to Title I requirements.

Colorado was allocated $120,993,782 from the U.S. Department of Education from the ESSER Fund. Of the total allocation to Colorado, CDE must allocate a minimum of $108,894,404 (90%) to local education agencies (LEAs) and may reserve no more than $12,099,378 (10%).

CHPA was scheduled to receive $1,225,995 in ESSER II funds in 2021-2022 along with $238,444.46 in ESSER I carryover funds. In addition, CHPA was scheduled to receive $1,442,225 in ESSER III funds. Due to the lack of institutional ESSER program knowledge and an inordinate amount of paperwork requested from the Charter's District authorizer, several key reimbursement deadlines were missed. This issue led to a revision of ESSER II funds being reduced to $415,602 for the 2021-2022 budget year.

The CDE process of reporting-reimbursement process through our Authorizer District 60 has been quite extensive in addition to lengthy. As a result, approximately $470,000 of COVID expenses and $300,000 of Title I, II and III funds were not allowed to be reimbursed for the fiscal 2021-2022 year.

During 2022, CHPA requested a 2019 District 60 bond reimbursement for as reimbursement for capital improvements made at its Cesar Chavez Academy campus in the amount of $328,854.84. District 60 denied a reimbursement of $116,854.84 resulting in approximately $212,000 remaining for reimbursement in the 2022-2023 fiscal year.

Another major event for CHPA occurred on October 19, 2020, when its CCA Building Corporation refinanced its 2007 bonds. The 2020 A-B bond program paid off the 2007 A-B outstanding bond series in the amount of $11,285,000, and provided $25,849,460 in capital improvement funds to be used to construct a transitional school and build a solar grid to provide electricity for the new school and construct a transportation-facility. The new transitional Ersilia Cruz Middle School was opened for instruction on August 8, 2022.

The transitional school allowed the Ersilia Cruz Middle school to move out of its current modular campus into the new brick-mortar building until its permanent new middle school is completed from the $35 million cash BEST (Building Excellent Schools Today) that CHPA was awarded in May 2022. This unique capital construction program is a component of the Colorado Department of Education.

During 2021-2022, CHPA attained a key strategic planning goal. CHPA has attained national accreditation for its educational system through Cognia. Cognia is a non-profit, non-governmental organization that accredits primary and secondary schools throughout the United States and internationally.

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The Academy was required to implement GASB 75 which requires reporting of the Academy's share of Postemployment Healthcare Benefits administered by the Public Employees' Retirement Association of Colorado (PERA). Under GASB 75, the Academy's proportionate share of the net OPEB liability of the Health Care Trust Fund (HTCF) is recorded as a liability of the Academy. At implementation, beginning equity was restated and deferred inflows, outflows and the net OPEB liability are reported. At June 30, 2022, the net OPEB liability is $518,137 as compared to $461,532 for fiscal year 2020-2021.

Under GASB 68, which was implemented in 2015, the Academy's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is recorded as a liability of the Academy. At June 30, 2022, the net pension liability was $10,709,792 compared to $12,704,594 on June 30, 2021.

The CCA Building Corporation (also referred to as the "Corporation") was formed for the specific purpose of holding title to real and/or personal property for the Academy and to make the same available for use by the Academy. The Academy pays rent to the Corporation for use of the facilities, which in turn is used to pay the related debt.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Chavez/Huerta K-12 Preparatory Academy's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.
The statement of net position presents information on all of the Academy's assets and liabilities, and deferred inflows and outflows, with the difference reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant revenues and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the Academy supported primarily by per pupil revenue (PPR) passed through from the district. The governmental activities of the Academy include instruction and supporting services expense. The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Chavez/Huerta K-12 Preparatory Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Academy are governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Academy's near-term financing decisions. When applicable, both the governmental fund balance sheet and the governmental fund statement of revenues,expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Chavez/Huerta K-12 Preparatory Academy maintains one governmental fund and adopts an annual appropriated budget. Budgetary comparison statements have been provided to demonstrate compliance with the budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 6 through 37.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, liabilities exceeded assets by ($14,371,470) as of the close of the 2021-22 fiscal year compared to ($13,075,020) the prior year. The negative balance is due primarily to the adoption of GASB Statement No. 68 in 2015 and GASB Statement No. 75 in 2020 whereby the Academy reports its proportionate share of the state retirement system plan and post-employment healthcare benefits as liabilities on its financial statement. The net pension liability at the end of the current fiscal year increased to $10,709,792 compared to $12,704,594 for fiscal year end 2021.

Chavez/Huerta K-12 Preparatory Academy
Management Discussion and Analysis
June 30, 2022

	Governmental Activities	
ASSETS	2022	2021
Cash and Investments	$357,390	$2,484,064
Restricted Cash and Investments	$14,285,593	$24,108,194
Due from the District	$0	$0
Accounts Receivable	$1,493,595	$1,197,763
Prepaid Expenses	$0	$0
Capital Assets, Not Depreciated	$21,947,131	$3,004,891
Capital Assets, Depreciated, Net of Accumulated Depreciation	$9,133,532	$9,335,934
TOTAL ASSETS	$47,217,241	$40,130,846
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	$3,438,960	$5,081,763
Related to OPEB	$264,124	$78,681
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$3,703,084	$5,160,444
LIABILITIES		
Accounts Payable	$2,060,334	$756,919
Accrued Liabilities	$412,949	$256,305
Due to District	$104,740	$0
Accrued Interest	$1,917,517	$1,917,517
Deferred Revenue	$673,128	$19,536
Noncurrent Liabilities		
Due In One Year	$110,000	$0
Due In More than One Year	$44,544,597	$36,179,127
Net Pension Liability	$10,709,792	$12,704,594
Net OPEB Liability	$518,137	$461,532
TOTAL LIABILITIES	$61,051,194	$52,295,530
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	$4,035,617	$5,915,916
Related to OPEB	$204,984	$154,864
TOTAL DEFERRED INFLOWS OF RESOURCES	$4,240,601	$6,070,780
NET POSITION - EQUITY		
Net Investment in Capital Assets	$821,659	-$23,838,302
Restricted for Emergencies	$367,000	$380,000
Restrictted for Debt Service	$12,239,248	$24,415,857
Unrestricted	-$27,799,377	-$14,032,575
TOTAL NET POSITION	-$14,371,470	-$13,075,020

Overall, total assets increased $ 7,086,395 primarily due to the increase in capital assets, not depreciated.

Net deferred outflows related to pensions decreased from $5,081,763 for 2021 to $3,438,960 for 2022. Deferred inflows related to pensions decreased to $4,035,617 for 2022 compared to $5,915,916 for 2021.

Liabilities increased by $8,755,844 due to increases in the net pension liability, deferred revenue, and outstanding debt. Increase in liabilities was mostly due to an increase in debit service.

	2022	2021
Program Revenues		
Charges for Services	$ 121,755	$1,060,029
Per Pupil Revenue	$10,922,888	$8,647,708
Interest	$2,654	$8,154
Other	$381,932	$481,320
State Sources		
Unrestricted State Aid	$263,306	$304,983
Additional At Risk Grants		$34,758
and Contributions	$2,485,372	$2,704,560
Total Revenues	**$14,177,907**	**$13,241,512**
Program Expenses		
Instructional	$4,022,667	$3,814,947
Support	$10,111,095	$6,436,011
Debt Service - Interest	$1,486,925	$2,622,865
Total Expenses	**$13,013,560**	**$12,873,823**
Change in Net Position	-$1,442,780	$474,019
Beginning Net Position	-$12,928,690	-$13,402,709
Ending Net Position	**-$14,371,470**	**-$12,928,690**

Total revenue decreased in fiscal year 2021-2022 primarily from a lack of federal funding. Per Pupil Revenue from the Colorado Department of Revenue CDE increased to $9,782 per pupil in 2022 compared to $8,738 for 2021. CHPA's overall expenditures increased due to increased spending during 2021-2022 as a result of CHPA's investment in ESSER funds from CDE. CHPA invested more than $500,000 to provide one-to-one educational devices for each student as a result of theonline education mandated by the COVID pandemic.

The timing difference between CHPA's COVID investment and the District 60 reimbursement equates to the significant expenses not reimbursed at 6/30/2022. ESSER grant funding will be requested for reimbursement in the 2022-2023 fiscal year.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

As noted earlier, Chavez/Huerta K-12 Preparatory Academy uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of the governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the Academy's net resources available for spending at the end of the fiscal year.

This is the 21st full year of operations for the Academy, but the ninth year since the two schools were merged. Total revenue for FY 2021-2022 was $11,570,780 compared to $13,241,512 the prior year. Per pupil operating revenue, makes up 94% of Governmental Funds revenue for FY 2021-2022 compared to 67.6% the prior year. Funded pupil count for 2021-2022 was 990 compared to 1011 the prior year, a decrease of 21 full-time equivalent students.

As of the end of the current fiscal year, the Academy reported ending fund balance of $338,518 in its General Fund compared to $2,341,404 the prior year, a decrease of $2,002,886. Reserves are short of adequate to meet the restricted emergency reserve requirement under TABOR in the amount of $367,000.

The fund balance of the Building Corporation as of June 30, 2022 is $12,546,909 compared to $24,415,857 the prior year.

BUDGETARY HIGHLIGHTS

The Academy approves a budget in June based on enrollment projections for the following school year. The budget may be amended in December, after enrollment is finalized and per pupil funding can be more accurately projected.

The majority of Academy spending in the General Fund is for salaries and benefits, which make up 55.9% of total expenditures for FY 2020-2021 compared to 54.9% the prior year. Purchased services made up 30.8% of total expenditures compared to 29.9% the prior year.

Primarily spending for purchased services are rents paid to the Building Corporation, overhead costs charged by the District, insurance, legal, audit and financial services.

Expenditures did not exceed the amount appropriated for fiscal year 2020-2021 and is therefore in compliance with State statute.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The Academy owns land with a carrying value of $1,178,524 and buildings and improvements capitalized at $15,737,577 at June 30, 2022. Capitalized equipment, including buses, totals $9,335,934. There were $18,739,838 in additions and $0 disposals of capital assets in the Building Corporation during 2021-2022. Additional information on this investment is provided in Note 4 to the financial statements.

Long-term debt: In October 2020, The CCA Building Corporation elected to refinance its 2007 with a 2020 series of bonds issued by Colorado Educational and Cultural Facilities Authority (CECFA). The Colorado Education & Cultural Facilities Authority provided CHPA with its 2020 A-B program $36,360,000 Charter School Refunding & Improvement Revenue Bond program. In April 2022, the CCA Building Corporation elected to finance an additional $8.3 million on Bond 2022 funds to support the $5 million match required for the $35 million Cash BEST grant award CHPA received in May 2022.

The 2020 & 2022 A-B Bond package put forth a seven-year amortization program with a balloon payment due at the end of the seventh year. This program will provide CHPA an opportunity to refinance after completing three years versus ten in a normal thirty-year amortization and a ramped-up payment program that will allow CHPA to complete the school with lower interest/principal payments in the first three years and the full payment made in the fourth year (2023-2024). Thereby allowing CHPA to ramp up to the increased costs. At the end of the seventh year, we would need to refinance either with the proposed Colorado Bond Shares currently proposed or the desired Colorado Moral Obligation program with the current 3% rate and thereby lower the CHPA interest rate another 1.375%. CHPA can apply for the Colorado Moral Obligation after the third year of the Colorado Bond Share program.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The lease payments to the Corporation for principal and interest due on the 2007 bond issue have stabilized and will increase very little in future years. Funded pupil count must be sustained to meet the commitments under this agreement. Enrollment at the Academy continues to fluctuate, which presents a challenge in balancing the budget from year to year. The funded pupil count was 965 for 2014-15, increased to 989 for 2015-16, but decreased to 961 for 2016-17, 921 in 2017-18, 916 in 2018-19, and then increased to 917 for 2019-20 and 1,026 in 2020-21. Enrollment is budgeted to increase by 1% to 1032 students for 2021-22 with the PPR projected to increase to $8,738 per student. Though appropriate action has been taken to modify operations in light of the changes in the funded pupil count and per pupil funding, the Academy needs to continue to focus on stabilizing its enrollment.

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. As a result of this provision the single most important factor in projecting revenues is estimated future inflation. There was a significant recession during 2008-09 that continued through the 2011-12 fiscal year resulting in deflation (negative growth). In an effort to balance its budget, the State rescinded funding approved for public schools. Per pupil funding declined each year for four years and then stabilized in 2012-13 with base per pupil funding remaining the same as the prior year. The Academy's per pupil funding increased 2.5% to $6,574 for 2013-14, 6.7% to $7,014 for 2014-15, 3.7% to $7,280 for 2015-16, 3.8% to $7,550 for 2016-17, 4.2% to $7,870 for 2017-18, 5% to $8,265 for 2018-19, 10.7% to $8,355 for 2019-20, and decreased 2.6% to $8,138 in 2020-2021. Per pupil funding is expected to increase by 7.4% to $8,738 for 2021-22.

SUBSEQUENT EVENT

There were no significant subsequent events to report as of the date of the release of these financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Chavez/Huerta K-12 Preparatory Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be submitted in writing and addressed to Dr. Richard E. Duran, Chief Executive Director, Chavez/Huerta K-12 Preparatory Academy, 2727 W. 18th St., Pueblo, CO 81003.

BASIC FINANCIAL STATEMENTS

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

STATEMENT OF NET POSITION
As of June 30, 2022

	Governmental Activities
ASSETS	
Cash and Investments	$ 357,390
Restricted Cash and Investments	14,285,593
Accounts Receivable	1,493,595
Capital Assets, not Depreciated	21,947,131
Capital Assets, Depreciated net of Accumulated Depreciation	9,133,532
TOTAL ASSETS	47,217,241
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	3,438,960
Related to OPEB	264,124
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,703,084
LIABILITIES	
Accounts Payable	2,060,334
Accrued Salaries and Benefits	412,949
Due to District	104,740
Unearned Revenues	673,128
Accrued Interest	1,917,517
Due in One Year	110,000
Noncurrent Liabilities	
Due in More Than One Year	44,544,597
Net Pension Liability	10,709,792
Net OPEB Liability	518,137
TOTAL LIABILITIES	61,051,194
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	4,035,617
Related to OPEB	204,984
TOTAL DEFERRED INFLOWS OF RESOURCES	4,240,601
NET POSITION	
Invested in Capital Assets, Net of Related Debt	821,659
Restricted for Emergencies	367,000
Restricted for Debt Service	12,239,248
Unrestricted	(27,799,377)
TOTAL NET POSITION	$ (14,371,470)

The accompanying notes are an integral part of the financial statements.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

		PROGRAM REVENUES			Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	$ 4,022,667	$ 121,755	$ 2,185,261	$ -	$ (1,715,651)
Supporting Services	10,111,095	-	-	300,111	(9,810,984)
Interest on Long-term Debt	1,486,925	-	-	-	(1,486,925)
Total Governmental Activities	$ 15,620,687	$ 121,755	$ 2,185,261	$ 300,111	(13,013,560)
	GENERAL REVENUES				
	Per Pupil Revenue				10,922,888
	Unrestricted State Aid				263,306
	Investment Income				2,654
	Other				381,932
	TOTAL GENERAL REVENUES				11,570,780
	CHANGE IN NET POSITION				(1,442,780)
	NET POSITION, Beginning, restated				(12,928,690)
	NET POSITION, Ending				$ (14,371,470)

The accompanying notes are an integral part of the financial statements.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Building Corporation	TOTAL
ASSETS			
Cash and Investments	$ 357,390	$ -	$ 357,390
Restricted Cash and Investments	-	14,285,593	14,285,593
Accounts Receivable	820,467	673,128	1,493,595
Due from Other Funds	790,585	307,661	1,098,246
TOTAL ASSETS	$ 1,968,442	$ 15,266,382	$ 17,234,824
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 804,574	$ 1,255,760	$ 2,060,334
Accrued Salaries and Benefits	412,949	-	412,949
Due to the District	104,740	-	104,740
Due to Other Funds	307,661	790,585	1,098,246
Unearned Revenues	-	673,128	673,128
TOTAL LIABILITIES	1,629,924	2,719,473	4,349,397
FUND BALANCES			
Nonspendable	-	307,661	307,661
Restricted for Emergencies	367,000	-	367,000
Restricted for Debt Service	-	12,239,248	12,239,248
Unassigned	(28,482)	-	(28,482)
TOTAL FUND BALANCE	338,518	12,546,909	12,885,427
TOTAL LIABILITIES AND FUND BALANCE	$ 1,968,442	$ 15,266,382	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			31,080,663
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension liability ($10,709,792), net OPEB liability ($518,137), deferred outflows related to pensions $3,438,960, deferred outflows related to OPEB $259,750 deferred inflows related to pensions ($4,035,617), deferred inflows related to OPEB ($204,984), bonds payable of ($44,654,597) and accrued interest of ($1,917,517).			(58,337,560)
Net Position of governmental funds			$ (14,371,470)

The accompanying notes are an integral part of the financial statements.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General Fund	Building Corporation	TOTAL
REVENUES			
Local Sources	$ 9,884,780	$ 1,565,550	$ 11,450,330
State Sources	915,870	-	915,870
Federal Sources	1,548,401	-	1,548,401
TOTAL REVENUES	12,349,051	1,565,550	13,914,601
EXPENDITURES			
Current			
Instruction	5,169,385	-	5,169,385
Supporting Services	9,182,552	986,361	10,168,913
Bond Issuance Costs	-	205,090	205,090
Capital Outlay	-	19,292,452	19,292,452
Debt Service			
Pincipal	-	-	-
Interest	-	1,486,925	1,486,925
TOTAL EXPENDITURES	14,351,937	21,970,828	36,322,765
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,002,886)	(20,405,278)	(22,408,164)
OTHER FINANCING SOURCES			
Proceeds from the Issuance of Debt	-	8,390,000	8,390,000
TOTAL OTHER FINANCING SOURCES (USES)	-	8,390,000	8,390,000
NET CHANGE IN FUND BALANCES	(2,002,886)	(12,015,278)	(14,018,164)
FUND BALANCES, Beginning, restated	2,341,404	24,562,187	26,903,591
FUND BALANCES, Ending	$ 338,518	$ 12,546,909	$ 12,885,427

The accompanying notes are an integral part of the financial statements.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (14,018,164)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount capital outlay $19,179,690 exceeded depreciation expenses ($439,852) for the year.	18,739,838
Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amortization of the bond premium.	(85,470)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.	(8,390,000)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	2,311,016
Change in net position of governmental activities	$ (1,442,780)

The accompanying notes are an integral part of the financial statements.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Chavez/Huerta K-12 Preparatory Academy (the "Academy") was formed by the merger of Cesar Chavez Academy and Dolores Huerta Preparatory High, effective July 1, 2012. The Academy operates a charter school within Pueblo School District No. 60 (the District). The Academy is a non-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code.

Reporting Entity

The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Academy.

Based upon the application of these criteria, the following organization should be included in the Academy's reporting entity:

CCA Building Corporation

The CCA Building Corporation. ("Corporation") is considered to be financially accountable to the Academy. The purpose of the Corporation is to provide a mechanism to issue and pay debt on behalf of the Academy. The Corporation is considered to be part of the Academy for financial reporting purposes because its resources are entirely for the direct benefit of the Academy and is blended into the Academy's financial statements a special revenue find. Separate financial statements are not available.

The Academy is a component unit of the Pueblo School District No. 60 (the "District").

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Academy.

Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first and the unrestricted resources as they are needed.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Assets, Liabilities and Fund Balance/Net Position

The Academy reports the following major governmental funds:

General Fund – This fund is the general operating fund of the Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Corporation Fund – This fund accounts for the activity of the ISF Building Corporation.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation is taken on the building on a straight line basis over 30 years..

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned Revenues – Unearned revenues include tuition payments that have been collected for the following school year.

Net Position – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)
The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Academy considers prepaid expenses to be nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy did not have any committed resources as of June 30, 2022.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Academy would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Academy's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

A budget is adopted for General Fund on a basis consistent with generally accepted accounting principles.

Academy management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

NOTE 3: ***CASH AND INVESTMENTS***

Cash and Investments at June 30, 2022 consisted of the following:

Deposits	357,390
Investments	14,285,593
Total	**$ 14,642,983**

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the Academy are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Academy has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the Academy had deposits with financial institutions with a carrying amount of $357,390. The bank balances with the financial institutions were $1,208,963 Of these balances, $250,000 was covered by federal depository insurance and $958,963 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Investments (Continued)

Local Government Investment Pools

The Academy had invested $14,285,593 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. As of June 30, 2022, the Academy does not hold investments subject to these inputs.

The Academy has no policy for managing credit risk or interest rate risk.

Restricted Cash

Cash and investments in the amount of $14,285,593 are restricted for debt service.

NOTE 4: *CAPITAL ASSETS*

Capital Assets activity for the year ended June 30, 2022 is summarized below.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital assets, Not Depreciated				
Land	$ 1,178,524	$ 112,448	$ -	$ 1,290,972
Construction in Progress	1,826,367	18,829,792	-	20,656,159
Total Capital Assets, Not Depreciated	3,004,891	18,942,240	-	21,947,131
Capital Assets, Being Depreciated				
Site Improvements	294,583	-	-	294,583
Buildings	12,877,462	-	-	12,877,462
Building Improvements	540,854	-	-	540,854
Equipment	1,787,228	237,450	-	2,024,678
Total Capital Assets, Depreciated	15,500,127	237,450	-	15,737,577
Accumulated Depreciation				
Site Improvements	152,146	16,926	-	169,072
Buildings	4,584,843	249,547	-	4,834,390
Building Improvements	311,861	62,230	-	374,091
Equipment	1,115,343	111,149	-	1,226,492
Total Accumulated Depreciation	6,164,193	439,852	-	6,604,045
Capital Assets, Depreciated, net	9,335,934	(202,402)	-	9,133,532
Governmental Capital Assets, Net	**$ 12,340,825**	**$ 18,739,838**	**$ -**	**$ 31,080,663**

NOTE 5: *ACCRUED SALARIES AND BENEFITS*

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $412,949. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 6: ***LONG-TERM DEBT***

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due In One Year
Revenue Bonds 2020	$ 36,630,000	$ -	$ -	$ 36,630,000	$ 110,000
2020 Bond Discount	(450,873)	-	85,470	(365,403)	-
Revenue Bonds 2022	-	8,390,000	-	8,390,000	-
Totals	**$ 36,179,127**	**$ 8,390,000**	**$ 85,470**	**$ 44,654,597**	**$ 195,470**

Revenue Bonds

In May 2020, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $17,695,000 Charter School Revenue Bonds (Series 2020). Proceeds from the bonds were used to purchase the Academy's existing building. The Academy is obligated to make monthly lease payments to the Building Corporation for use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 4.5% to 6.00% per annum and is paid monthly. Principal payments are due annually beginning June 1, 2024, with a balloon payment of $16,795,000 due on June 1, 2027.

In April 2022, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $8,390,000 Charter School Revenue Bonds (Series 2022). Proceeds from the bonds were used for capital improvements. The Academy is obligated to make monthly lease payments to the Building Corporation for use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 4.5% to 6.00% per annum and is paid monthly. Principal payments are due annually beginning June 1, 2025, with a balloon payment of $8,080,000 due on June 1, 2028.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 110,000	$ 1,875,618	$ 1,985,618
2024	545,000	1,977,850	2,522,850
2025	570,000	1,954,006	2,524,006
2026	750,000	1,924,419	2,674,419
2027	34,965,000	1,890,137	36,855,137
2028	8,080,000	181,800	8,261,800
Total	**$ 45,020,000**	**$ 9,803,830**	**$ 54,823,830**

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

Pensions. The Academy participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Academy are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***(Continued)

General Information about the Pension Plan (Continued)

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***(Continued)

General Information about the Pension Plan (Continued)

Contributions provisions as of June 30, 2022: Eligible employees of, Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413.

Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**19.88%**

**Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $1,240,973 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The Academy proportion of the net pension liability was based on June 30, 2022 contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the Academy reported a liability of $10,709,792 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Academy were as follows:

Academy's proportionate share of the net pension liability	$10,709,792
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	1,101,471
Total	$11,811,263

At December 31, 2021, the Academy's proportion was 0.09203%, which was a increase of 0.00799% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the Academy recognized pension income of $728,019 and revenue of $263,306 for support from the State as a nonemployer contributing entity.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***(Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$410,014	N/A
Changes of assumptions or other inputs	$817,613	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	$4,026,562
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$1,584,112	$9,055
Contributions subsequent to the measurement date	$627,221	N/A
Total	$3,438,960	$4,035,617

$627,221 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	$762,716
2024	($535,777)
2025	($962,079)
2026	($488,738)

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***(Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019**.**
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***(Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***(Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long- term expected nominal rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Academy's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	$15,763,938	$10,709,792	$6,492,296

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

OPEB. Academy participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 8: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*
(Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Academy are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq*. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

NOTE 8: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

General Information about the OPEB Plan (Continued)

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were $63,670 for the year ended June 30, 2022.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the Academy reported a liability of $483,750 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Academy's proportion was 0.0600%, which was an increase of 0.01152% from its proportion measured as of December 31, 2020.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2022, the Academy recognized OPEB income of $19,363. At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of
Difference between expected and actual experience	$677	$117,079
Changes of assumptions or other inputs	$10,442	$56,406
Net difference between projected and actual earnings on OPEB plan investments	N/A	$31,499
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$220,825	N/A
Contributions subsequent to the measurement date	$32,180	N/A
Total	$264,124	$204,984

$32,180 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2023	$62,701
2024	$65,965
2025	($32,866)
2026	($37,217)
2027	($14,879)
Thereafter	($16,744)

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$503,257	$518,137	$535,374

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount rate. The discount rate used to measure the TOL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$601,762	$518,137	$446,707

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NOTE 9: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2022, the reserve of $367,000 was recorded as a reservation of fund balance in the General Fund.

NOTE 10: ***DEFICIT NET POSITION***

The School reported a deficit Net Position of the government type activities in the amount of $14,371,470. This is due to the School including the Net Pension Liability per GASB No. 68 and the Net OPEB Liability per the requirements of GASB Statement No. 75.

NOTE 11: ***FUND BALANCE AND NET POSITION RESTATEMENT***

The beginning fund balance of the Building Corporation Fund and the beginning Net Position of the Government Wide Statements were increased by $146,330 to correctly state the balances as of June 30, 2021.

NOTE 12: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through February 22, 2023. It was determined that the following event was required to be disclosed through this date.

BEST Grant

In April of 2022 the Academy was approved for a BEST grant in the amount of $30 million. The proceeds of the grants will be used to construct and renovate the buildings of the Academy.

REQUIRED SUPPLEMENTARY INFORMATION

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

	2022			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 9,254,558	$ 9,295,377	$ 9,357,338	$ 61,961
Tuition and Fees	69,439	80,000	121,755	41,755
Grants and Donations	-	322,000	21,101	(300,899)
Investment Income	40,000	40,000	2,654	
Other	550,000	661,000	381,932	(279,068)
State and Federal Sources				
Grants and Donations	6,073,750	6,957,423	2,464,271	(4,493,152)
TOTAL REVENUES	15,987,747	17,355,800	12,349,051	(4,969,403)
EXPENDITURES				
Salaries	6,054,516	6,431,516	6,764,236	(332,720)
Employee Benefits	1,366,261	1,366,261	2,092,383	(726,122)
Purchased Services	1,853,813	1,898,813	3,584,808	(1,685,995)
Supplies and Materials	977,583	972,583	1,054,701	(82,118)
Property	2,383,601	3,908,601	760,856	3,147,745
Other	2,307,443	2,341,331	94,953	2,246,378
TOTAL EXPENDITURES	14,943,217	16,919,105	14,351,937	2,567,168
CHANGE IN FUND BALANCE	1,044,530	436,695	(2,002,886)	(2,402,235)
FUND BALANCE, Beginning	2,948,487	2,341,404	2,341,404	-
FUND BALANCE, Ending	$ 3,993,017	$ 2,778,099	$ 338,518	$ (2,402,235)

See the accompanying independent auditors' report.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DISTRICT TRUST FUND

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021
School's proportionate share of the Net Pension Liability	0.095%	0.087%	0.078%	0.079%	0.080%	0.068%	0.068%	0.084%	0.092%
School's proportionate share of the Net Pension Liability	$12,128,560	$11,792,396	$11,967,471	$23,488,868	$25,762,605	$12,078,795	$10,135,731	$ 12,704,594	$ 10,709,792
School's covered payroll	$ 3,833,335	$ 3,644,977	$ 3,644,977	$ 3,540,764	$ 3,675,255	$ 3,749,664	$ 4,260,336	$ 4,491,569	$ 5,751,600
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	316.4%	323.5%	328.3%	663.4%	701.0%	322.1%	237.9%	282.9%	186.2%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%	67.0%	74.9%

See the accompanying independent auditors' report.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contributions	$ 600,866	$ 587,688	$ 617,622	$ 652,622	$ 753,241	$ 785,142	$ 767,684	$ 994,458	$ 1,240,973
Contributions in relation to the Statutorily required contributions	600,866	587,688	617,622	652,622	753,241	785,142	767,684	994,458	1,240,973
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 3,759,983	$ 3,482,715	$ 3,475,430	$ 3,551,099	$ 3,735,171	$ 3,871,152	$ 4,389,033	$ 5,002,314	$ 6,242,306
Contributions as a percentage of covered payroll	17.25%	18.03%	18.77%	18.38%	20.17%	20.28%	17.49%	19.88%	19.88%

See the accompanying independent auditors' report.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DISTRICT TRUST FUND

Years Ended December 31,

	2016	2017	2018	2019	2020	2021
School's proportionate share of the Net OPEB Liability	0.079%	0.045%	0.044%	0.044%	0.049%	0.060%
School's proportionate share of the Net OPEB Liability	$ 363,337	$ 588,333	$ 603,189	$ 498,174	$ 498,174	$ 483,750
School's covered payroll	#####	$ 1,541,318	$ 3,749,664	$ 4,260,336	$ 4,491,569	$ 5,751,600
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	16.8%	38.2%	16.1%	11.7%	11.1%	8.4%
Plan fiduciary net position as a percentage of the total pension liability	16.7%	17.5%	17.0%	24.5%	32.8%	39.4%

See the accompanying independent auditors' report.

CHAVEZ/HUERTA K-12 PREPARATORY ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022
Statutorily required contributions	$ 22,134	$ 38,099	$ 39,486	$ 40,649	$ 51,024	$ 63,670
Contributions in relation to the Statutorily required contributions	22,134	38,099	39,486	40,649	51,024	63,670
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,170,036	$ 3,735,171	$ 3,871,152	$ 4,389,033	$ 5,002,314	$ 6,242,306
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	0.93%	1.02%	1.02%

See the accompanying independent auditors' report.